



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

DAVID C. HOLLISTER
DIRECTOR

June 24, 2005

Mr. Byron Zuidema, Regional Administrator
Employment and Training Administration
U.S. Department of Labor, Region V
230 South Dearborn Street, 6th Floor
Chicago, Illinois 60605-1505

Dear Mr. Zuidema:

The State of Michigan, Department of Labor & Economic Growth-Bureau of Workforce Programs (DLEG-BWP), as the state administrative entity for the Workforce Investment Act (WIA), respectfully requests approval of the attached proposed WIA waiver. The proposed waiver request was developed in accordance with the WIA, Section 189(i)(4), and 20 CFR 661.400-661.420.

The attached request is for a waiver allowing a portion of WIA formula funds to be utilized as "local activity funds" to operate an incumbent worker training program at the local level. These funds would be utilized in the same manner as statewide activities funding.

We appreciate the opportunity to submit this waiver request and look forward to receiving the Secretary's approval. We believe this waiver will provide increased flexibility to the State of Michigan and local boards in implementing reforms to our state's workforce system, and is necessary to continue to meet the demands of area employers for skilled workers, and the workforce needs of area residents seeking employment.

If you have any questions, or require additional information, please contact Ms. Janet Howard, Deputy Director, DLEG-BWP, at (517) 335-5875.

Sincerely,

Brenda C. Njiwaji, Director
Bureau of Workforce Programs

BCN:DA:SB:cg
Attachment

**State of Michigan
Workforce Investment Act
Waiver Request**

Incumbent Worker Training Utilizing Local Activity Funds

The State of Michigan, Department of Labor & Economic Growth-Bureau of Workforce Programs (DLEG-BWP), as the state administrative entity for the Workforce Investment Act (WIA), requests a waiver allowing a portion, up to ten percent, of WIA formula funds to be utilized as “local activity funds” to operate an incumbent worker training program at the local Workforce Development Board (WDB) level. These funds would be utilized in the same manner as statewide activities funding. Subsequently, income eligibility (including self-sufficiency) and WIA performance measures would not be applicable, rather the state would develop and require local areas to collect and report program outcomes based on a set of predetermined criteria. The state requests an effective date for this waiver of July 1, 2005, through June 30, 2007, to coincide with the state’s Two-Year WIA and Wagner-Peyser Strategic Plan.

Statutory Requirements to be Waived:

The State of Michigan is seeking a waiver of restrictions on the use of local area WIA funds for Incumbent Worker Training at the local area level. This waiver would allow two local WDBs, (Southeast Michigan Community Alliance Michigan Works! and Washtenaw County Michigan Works!), to use up to ten percent of the funds allocated under Sections 128(b) and 133(b) of the WIA, to operate an incumbent worker program as described under Section 134(a)(3)(A)(iv)(I) and consistent with 20 CFR Sections 665.210 and 665.220, to support Global Engine Manufacturing Alliance (GEMA). The GEMA is a joint venture between Daimler Chrysler Corporation, Hyundai Motor Company, and Mitsubishi Motors Corporation.

Through its implementation, this waiver will further the state’s workforce investment system and will align with the state’s strategic plan goals by addressing the need for a more skilled workforce, assist in the retention of businesses, and attract entrepreneurs.

State or Local Statutory Barriers:

There are no existing state or local statutory or regulatory barriers to implementation of this waiver request.

Goals of the Waiver and Expected Programmatic Outcomes:

The implementation of the incumbent worker program waiver will enhance overall WIA programs and activities at the local level. Providing additional flexibility for the use of formula funds will enable WDBs to tailor their programs to meet demands of local employers, the needs of incumbent workers, job seekers, and further the state’s public workforce system.

The goals of this waiver are:

- Increase employer exposure and use of the state's public workforce system; and
- Improve the state's overall economic and business climate.

In addition to the realization of the waiver goals, expected additional programmatic outcomes are:

- WDBs will be able to respond more quickly and efficiently to immediate local needs;
- Participant's skills are upgraded; and
- Participant's wages increase.

Description of the Individuals Affected by the Waiver:

This waiver will benefit the participating employer, incumbent worker, job seekers, and local service delivery areas. Since the WIA was enacted, the U.S. economy has experienced strong growth and expansion and a recession that resulted in employers drastically reducing their workforce and subsequently large segments of the workforce losing their jobs. The flexibility of this waiver will encourage WDBs to increase their services and become more responsive and innovative to meeting existing and new customers' needs.

Description of the Process to Monitor Waiver Progress:

The DLEG-BWP will monitor the progress of the waiver through quarterly programmatic and fiscal reviews and reports. A state policy will require affected local areas to report the following participant data:

- Number of program participants;
- Number of program participants who completed training;
- Type of training provided;
- Length of training provided;
- Number of program participants who received a credential or certificate;
- Program participant's wage gain at completion of training and six months after completion; and
- Number of participants whose job classification changed or skills were upgraded.

Notice and Opportunity for Local Boards to Comment on the Waiver Request:

A copy of this waiver request was provided to the two affected local boards. The boards were instructed to send comments regarding the requested waiver to the DLEG-BWP.

Public Comment on the Waiver Request:

To ensure public comment, the DLEG-BWP will post the waiver request electronically to the DLEG's website and include instructions on how comments may be submitted. Additionally, an appeal for public comment will be placed in the major newspaper located within the affected service delivery area. The appeal for public comment will include the web page where the waiver request can be viewed and will include instructions for the submission of comments. Any public comments received from this process will be forwarded to the U.S. Department of Labor within 30 days.